Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208
	)	
	)	DA 13-11

COMMENTS OF ALASKA COMMUNICATIONS SYSTEMS

Alaska Communications Systems ("ACS"),[1] hereby submits these comments in response to the Public Notice ("Public Notice")[2] issued in by the Wireline Competition Bureau (the "Bureau") in the above-captioned proceedings, seeking comment on the information elements proposed to be included in a new Intercarrier Compensation Reform Compliance and Monitoring Form (the "Form"). The Form is intended to implement the Commission's requirement, adopted

---

[1] In these comments, "Alaska Communications Systems" signifies the incumbent local exchange carrier ("ILEC") subsidiaries of Alaska Communications Systems Group, Inc., which include ACS of Alaska, LLC; ACS of Anchorage, LLC; ACS of Fairbanks, LLC; and ACS of the Northland, LLC. Together with their affiliates, these ACS companies provide retail and wholesale wireline and wireless telecommunications, information, broadband, and other services to residential and business customers in the State of Alaska and beyond, using ACS's intrastate and interstate facilities.

[2] Public Notice, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; WT Docket No. 10-208; GN Docket No. 09-51, *Comments Sought on Intercarrier Compensation Reform Compliance and Monitoring Form*, DA 13-11 (Wir. Comp Bur., rel. Jan. 4, 2013).

in the *USF/ICC Transformation Order*, for incumbent local exchange carriers to "file data on an annual basis regarding their ICC rates, revenues, expenses, and demand for the preceding fiscal year," in order to "monitor compliance with this [*USF/ICC Transformation Order*]."[3]

ACS believes that the Form, as proposed, suffers from three primary shortcomings. First, it unnecessarily seeks data that duplicate those already filed in the Tariff Year 2012 Tariff Review Plans ("TRPs"), and that are unnecessarily burdensome to produce. Second, it seeks data that are not necessary to ensure compliance with the intercarrier compensation rate transition prescribed by the Commission, as well as poorly defined categories of VoIP data that ILECs are unlikely to interpret uniformly. Third, it places insufficient reliance on state-level data collection efforts. Finally, if the Bureau proceeds with the collection of these data, it should conform to the Commission's finding that the filings should receive confidential treatment. ACS discusses each of these points below.

A. The Form, as Proposed, Is Duplicative and Unduly Burdensome

The Form, as proposed, would require carriers to report data that, in many cases, are already available to the Commission. Each year, for example, price cap carriers, such as ACS, file Tariff Review Plans, which set forth the calculations that the carrier will use to develop its interstate access rates under the Commission's regulated interstate rate structure, as well as substantial supporting material accompanying the annual access tariffs themselves.[4] ACS's filings in response to the *2012 TRP* contained detailed information regarding intrastate and

---

[3] *Connect America Fund*, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd 17663 ¶ 921 *et. seq.* (2011) ("*USF/ICC Transformation Order*") (subsequent history omitted).

[4] *See, e.g., Material to be Filed in Support of 2012 Annual Access Tariff Filings,* WCB/Pricing File No. 12-08, Order, DA 12-575, 27 FCC Rcd 3960 (Wir. Comp. Bur. 2012) ("*2012 TRP*").

interstate rates and demand that was required to compute ACS's Eligible Recovery, as defined in the *USF/ICC Transformation Order*.[5] Among those data were detailed information on interstate and intrastate rates as of December 29, 2011, as well as demand figures for each of these rate elements covering the period October 1, 2010 through September 30, 2011 the "fiscal year" defined in the *USF/ICC Transformation Order*.[6] These rate elements and demand figures overlap substantially with the rows of data the Bureau proposes to collect in the Public Notice, including local switching and transport rate and demand figures.[7] These were supplemented in the 2012 annual access tariff filing itself, in order to support and justify ACS's calculations.

ACS generated these calculations based on a series of special studies that were difficult, time-consuming, and costly to produce. ACS does not customarily track demand or revenues for a year that starts on October 1. ACS's fiscal year ends on December 31, *i.e.*, the same as the calendar year. It prepares intrastate and interstate access tariff revisions to be effective July 1. There is currently no business reason for ACS to prepare or report traffic or revenue data for a year commencing on October 1. To comply with the *USF/ICC Transformation Order*, ACS did generate the necessary data to compute its demand and revenue figures for the period from October 1, 2010 through September 30, 2011. To do so required great effort by ACS's small revenue assurance staff, and consumed substantial time and resources that are now critically needed to contribute to the ongoing broadband transition mandated elsewhere in the Commission's *USF/ICC Transformation Order*.

---

5 *USF/ICC Transformation Order* at ¶ 879.

6 *Id.* at ¶ 868, n. 1679.

7 *See 2012 TRP*, Spreadsheet "ICC-Access-ReductionTRP_2012-1.xlsm."

The proposed Form requires considerable additional detail, chiefly in the form of further disaggregation of traffic types and intrastate rates. To generate the data necessary to comply would be substantially more difficult and burdensome than the already-difficult process ACS completed in 2012. This is chiefly so for three reasons:

First, the Form, as proposed, would require ACS to begin keeping traffic measurements for which it has no other use. Today, for example, ACS does not measure usage of facilities that are billed on the basis of flat-rated, monthly recurring charges, such as direct-trunked transport, the dedicated portion of tandem-switched transport, and dedicated port charges. Because the charges for these facilities do not vary with use, ACS has no business need to capture usage data for such facilities, and does not routinely do so, either in the aggregate or separately for originating or terminating usage. Similarly, ACS does not routinely measure traffic volumes exchanged on a bill-and-keep basis, because such measurements are not needed to compute intercarrier payments.

Similarly, the ACS ILECs do not routinely track usage at the level being requested by their respective affiliates separately from other usage, nor do they normally attempt to determine the precise amount of usage for which they are compensated, much less the precise figure for services provided by September 30 and for which they received compensation by March 31 of the following year.[8]

Second, the Form, as proposed, would require ACS to measure categories of traffic separately that it customarily maintains in aggregated form. For example, the ACS ILECs do not routinely track 8YY traffic as a separate access category. The ACS ILECs do not themselves

---

[8] Public Notice, Attachment A at 1.

offer 8YY service, so they have no need to bill 8YY customers for usage. Moreover, ACS routes such traffic in the same manner as other access traffic, except for the required query of the toll-free database. Because both ends of a toll-free call are considered terminating access, ACS bills interexchange carriers for such calls in the same manner as other terminating access usage, and it often is carried on the same dedicated or usage sensitive facilities as the interexchange carrier's other traffic.

Third, by seeking data on originating traffic, the Form would go well beyond the scope of the *USF/ICC Transformation Order*. There, the Commission deferred reform of originating access rates to a future date.[9] Therefore, data on originating access are not relevant to the Commission's monitoring of compliance with the terminating access transition set forth in the *USF/ICC Transformation Order*. To the extent that the Bureau believes that data regarding originating access may be useful in developing such a transition, it nevertheless should not mandate such a sweeping and indefinite annual collection of such data here. Rather, the Bureau should develop a targeted, one-time data request containing only that information necessary to inform its judgment regarding the issues in the Further Notice attached to the *USF/ICC Transformation Order.*

B. The Form Reflects a Level of Detail Not Required to Monitor Compliance with the *USF/ICC Transformation Order*

The Commission has required all carriers participating in the recovery mechanism established by the *USF/ICC Transformation Order* to file annual data "regarding their ICC rates,

---

[9] *USF/ICC Transformation Order* at ¶ 777.

revenues, expenses, and demand for the preceding fiscal year."[10] The Commission determined that such data are "necessary to monitor compliance with the provisions of the [*USF/ICC Transformation Order*] and accompanying rules, including to ensure that carriers are not charging ARCs that exceed their Eligible Recovery and that ARCs are reduced as Eligible Recovery decreases."[11]

Much of the data necessary to monitor ARC compliance are already available to the Commission. As indicated above, in connection with the 2012 annual access tariff filing, ACS produced a series of schedules necessary to support a series of one-time transitional calculations required to generate the "Eligible Recovery" amount defined by the *USF/ICC Transformation Order*.[12] Going forward, consistent with nature of the overall price cap framework, the rate transition outlined by the Commission will take place according to a series of mathematical steps based on that initial calculation. As the Commission has explained:

> This initial calculation of Eligible Recovery is critical because it establishes the amount that carriers are able to recover through their ARC charges and potential recovery from the Connect America Fund. The Commission must ensure that carriers correctly calculate their Eligible Recovery in their Tariff Review Plan spreadsheets (TRPs) for implementation of the USF/ICC Transformation Order throughout the transitional period.[13]

Thus, not only have these data already been collected in sufficient detail to support the transition, but the Bureau staff has also already examined them in considerable detail to verify their accuracy.

---

10 *USF/ICC Transformation Order* at ¶ 921.

11 *Id.*

12 *See 2012 TRP* at ¶ 9 ("In the 2012 price cap annual access TRP, we adopt a number of changes to the 2011 TRP. We add new ARC spreadsheets, Access Reduction spreadsheets, and Reciprocal Compensation spreadsheets.").

13 *Investigation of Certain 2012 Annual Access Tariffs*, WC Docket No. 12-233, Order, FCC 12-147, 27 FCC Rcd 15577 (2012), at ¶ 6.

Going forward, the data necessary to monitor compliance with the intercarrier compensation transition will be available to the Commission, either as part of the record of the 2012 annual access tariff filings, or in support of future tariff filings. The Bureau need not, impose the substantial additional burden on incumbent local exchange carriers that would be required by the additional layers of detail that the proposed Form would require. Moreover, in light of the Commission's explicit directive to "further minimize any burden on carriers,"[14] the Bureau should not do so absent a specific and compelling regulatory need, which the Public Notice makes no attempt to articulate. Neither the Commission's broad desire to "monitor the impact of the reforms we adopt today," nor (as discussed above) its goal to "enable the Commission to resolve issues teed up in the FNPRM," nor its vaguely articulated interest in "evaluat[ing] the trend of ICC revenues, expenses, and minutes, and compare such data uniformly across carriers" can justify the burden of recurring, costly, and difficult data collection the Form, as conceived, would impose.

Furthermore, portions of the Form, as proposed appear to *undermine* at lease some of these Commission goals, especially with respect to VoIP traffic, by requesting data that are not defined in the Public Notice and for which there are no generally accepted industry metrics. For example, in requesting data for voice-over-Internet-protocol ("VoIP") traffic, the form requires a series of data quantifying "VoIP Units," further separated into "VoIP Units for Flat-Rated Elements," "VoIP Originating Units for Usage-Based Elements," "VoIP Terminating Units for Usage-Based Elements."[15] In addition, the Form, as proposed, would require reporting of "VoIP

---

[14] *USF/ICC Transformation Order* at ¶ 923.

[15] Public Notice, Attachment A at 7.

Revenue from Flat Rates" and "VoIP Originating Revenue from Usage-Based Rates," and "VoIP Terminating Revenue from Usage-Based Rates."[16]

In requesting ILECs to report "VoIP Units," it is unclear at best whether the Bureau is seeking data on minutes, or lines, or packets, or kilobytes. Furthermore, it is not clear whether the Bureau expects its requested data on VoIP revenue to measure retail revenue from VoIP services, or intercarrier revenue from exchange of traffic that originates from or terminates to VoIP services. It is not clear how an ILEC would identify such services in any event. Many VoIP service providers utilize telephone numbers that they obtain through CLECs or, indeed, that are ported from ILECs or other service providers. The traffic originating from and terminating to these numbers is often routed and exchanged on a TDM basis, thus providing no apparent means of tracking VoIP traffic. Finally, to the extent that customers utilize "over-the-top" VoIP services that ride over broadband connections, there would appear to be no consistent way to measure the traffic or its cost. For example, the data stream representing a VoIP call might generate no incremental revenue if it is transmitted as part of a customer's monthly data allowance. But, a carrier that caps broadband data usage might charge the same customer a metered rate for the same VoIP call, if it were to occur later in the month after the customer had exceeded his or her monthly usage limit.

C. The Bureau Should Utilize Data Already Being Gathered By State Commissions

Further, the proposed Form ignores the important partnering role that the *USF/ICC Transformation Order* assigned to state public utility commissions to gathering data relevant to the transition and monitor progress at the state level. While the Form would require incumbent

[16] *Id.*, Attachment A at 8.

local exchange carriers to submit detailed information regarding intrastate rates and demand, the Commission has already placed primary responsibility with state commissions for collecting and monitoring these data. Specifically, the Commission observed that, "[c]arriers will be required to submit to the states data regarding all FY2011 switched access MOU and rates, broken down into categories and subcategories corresponding to the relevant categories of rates being reduced. With this information, states with authority over intrastate access charges will be able to monitor implementation of the recovery mechanism and compliance with our rules."[17] The Regulatory Commission of Alaska, for example, requires ACS to provide detailed workpapers and other documentation supporting the adjustments to each rate element contained in its intrastate tariff revisions necessary to comply with the *USF/ICC Transformation Order*.

The Bureau should build on this explicit Commission reliance on the support of state public utility commissions. As the Commission explained when it adopted that Order:

> Because carriers will be revising intrastate access tariffs to reduce rates for certain terminating switched access rate elements, and capping other intrastate rates, states will play a critical role implementing and enforcing intercarrier compensation reforms. In particular, state oversight of the transition process is necessary to ensure that carriers comply with the transition timing and intrastate access charge reductions outlined above. Under our framework, rates for intrastate access traffic will remain in intrastate tariffs. As a result, to ensure compliance with the framework and to ensure carriers are not taking actions that could enable a windfall and/or double recovery, state commissions should monitor compliance with our rate transition; review how carriers reduce rates to ensure consistency with the uniform framework; and guard against attempts to raise capped intercarrier compensation rates, as well as unanticipated types of gamesmanship . . . . Thus, we will be working in partnership with states to monitor carriers' compliance with our rules, thereby ensuring that consumers throughout the country will realize the tremendous benefits of ICC reform.[18]

---

[17] *USF/ICC Transformation Order* at ¶ 880.

[18] *USF/ICC Transformation Order* at ¶ 813.

State commissions are far better positioned to enforce compliance within the framework of their own intercarrier compensation rate structures than would be the Commission. Not only do state commissions have greater fluency and expertise with administering their own intrastate rate structures, it is the state commission, not this Commission, that holds the enforcement authority needed to ensure compliance at the state level, for example, by ordering rate revisions or other penalties, should they become necessary.

D. The Commission Should Continue to Treat the Form as Confidential

In the *USF/ICC Transformation Order*, the Commission explicitly stated that the data filed by carriers to comply with this reporting requirement "may be filed under protective order and will be treated as confidential."[19] The Bureau should conform to this explicit Commission decision.

Moreover, to the extent that the Bureau requires incumbent local exchange carriers to file such detailed information on their demand levels and revenues, the Bureau should afford it confidential treatment.[20] Particularly in the highly competitive markets in which ACS operates, such data are highly competitively sensitive. They are not disclosed publicly in any forum. Furthermore, premature disclosure could allow ACS's competitors to gain an unfair competitive advantage in formulating their own capital investment and marketing plans, ultimately causing harm to ACS and consumers alike.

* * * * *

[19] *USF/ICC Transformation Order* at ¶ 921.

[20] Public Notice at 2.

For the foregoing reasons, ACS hereby requests that the Bureau reduce the scope and level of detail that the Bureau proposes to include in the draft Intercarrier Compensation Reform Compliance and Monitoring Form to that required to enforce compliance with the Commission's intercarrier compensation rate transition; eliminate duplicative data requests; clarify or eliminate the requests for data on VoIP traffic and revenues; and utilize state public utility data collection efforts to the greatest extent possible. In addition, the Bureau should provide confidential treatment for these reports, as already specified by the Commission.

Respectfully submitted,

Leonard A. Steinberg
General Counsel and Corporate Secretary
Richard R. Cameron
Assistant Vice President and Senior Counsel
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.
600 Telephone Avenue
Anchorage, Alaska 99503
907-297-3000

Counsel for ACS